

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

| | | | |
|---|-----------------------------------|--|-------------------|
| Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other | | Local Government Name PALMYRA TOWNSHIP | County LENAWEE |
| Audit Date MARCH 31, 2005 | Opinion Date SEPTEMBER 9, 2005 | Date Accountant Report Submitted to State: SEPTEMBER 26, 2005 | |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

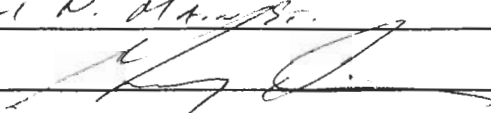
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

| | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations. | | | X |
| Reports on individual federal financial assistance programs (program audits). | | | X |
| Single Audit Reports (ASLGU). | | | X |

| | | | |
|---|----------------|-------------|--------------|
| Certified Public Accountant (Firm Name) ROBERTSON, EATON & OWSEN P.C. | | | |
| Street Address 121 N. Main St. | City Adrian | State MI | ZIP 49221 |
| Accountant Signature  | | | |

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2005
WITH
INDEPENDENT AUDITORS' REPORT**

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN
INDEPENDENT AUDITORS' REPORT
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**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended March 31, 2005

As management of Palmyra Township, Lenawee County, Michigan, we offer readers of Palmyra Township, Lenawee County, Michigan's financial statements this narrative overview and analysis of the financial activities of Palmyra Township, Lenawee County, Michigan for the fiscal year ended March 31, 2005. We encourage readers to consider the information presented here.

Financial Highlights

- ◆ The assets of Palmyra Township, Lenawee County, Michigan exceeded its liabilities at the close of the most recent fiscal year \$1,572,210 (*net assets*). Of this amount, \$641,308 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ The government's total net assets increased \$154,969. This increase is attributable to a special assessment and interest income of \$319,223.
- ◆ As of the close of the current year, Palmyra Township, Lenawee County, Michigan's governmental funds reported combined ending fund balances of \$858,822, a decrease of (\$69,766) in comparison with the prior year.
- ◆ At the end of the current year, unreserved fund balance for the general fund was \$306,586 or 71 percent of total general fund expenditures.
- ◆ Palmyra Township, Lenawee County, Michigan's total debt was \$2,756,202 at March 31, 2005. The debt was reduced by \$9,579 during fiscal year 2004-05.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Palmyra Township, Lenawee County, Michigan's basic financial statements. Palmyra Township, Lenawee County, Michigan's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Palmyra Township, Lenawee County, Michigan's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Palmyra Township, Lenawee County, Michigan's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Palmyra Township, Lenawee County, Michigan is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of Palmyra Township, Lenawee County, Michigan that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Palmyra Township, Lenawee County, Michigan include general government, public safety, streets and highways, sanitation, and cemetery operating. The business-type activity of Palmyra Township, Lenawee County, Michigan is the sewer system.

The government-wide financial statements can be found on pages 5 – 7 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Palmyra Township, Lenawee County, Michigan, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Palmyra Township, Lenawee County, Michigan can be divided into three categories: governmental, proprietary, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Palmyra Township, Lenawee County, Michigan maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Cemetery Operating, Debt Service, and Cemetery Perpetual Care, which are considered to be major funds.

Palmyra Township, Lenawee County, Michigan adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for all major governmental funds to demonstrate compliance with budget.

The basic governmental fund financial statements can be found on pages 8 – 15 of this report.

Proprietary Fund. Palmyra Township, Lenawee County, Michigan maintains one type of Proprietary Fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Palmyra Township, Lenawee County, Michigan uses an Enterprise Fund to account for its Sewer Fund.

Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The Proprietary Fund financial statements provide information for the Sewer Fund, which is considered to be major fund of Palmyra Township, Lenawee County, Michigan.

The basic fund financial statements can be found on pages 16 – 18 of this report.

Fiduciary Fund. The Fiduciary Fund (Tax Account) is used to account for resources held under tax collection activity. The Fiduciary fund is *not* reflected in the government-wide financial statement. The accounting used for the Fiduciary Fund is much like that used for Proprietary Funds.

The basic fiduciary fund financial statements can be found on pages 19 – 20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 – 38 of this report.

Other information. The combining statements for the two debt service funds are presented immediately following the notes to the financial statements. Combining statements can be found on pages 39 – 40 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Palmyra Township, Lenawee County, Michigan, assets exceeded liabilities by \$1,572,210 at the close of the most recent fiscal year.

By far the largest portion of Palmyra Township, Lenawee County, Michigan's net assets (24 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, sewer system), less any related debt used to acquire those assets that is still outstanding. Palmyra Township, Lenawee County, Michigan uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Palmyra Township, Lenawee County, Michigan's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Palmyra Township, Lenawee County, Michigan's Net Assets

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|---------------------|
| Current and other assets | \$ 1,146,127 | \$ 2,838,009 | \$ 3,984,136 |
| Capital assets | <u>357,639</u> | <u>2,777,251</u> | <u>3,134,890</u> |
| Total assets | <u>\$ 1,503,766</u> | <u>\$ 5,615,260</u> | <u>\$ 7,119,026</u> |
| Long term liabilities outstanding | \$ 285,000 | \$ 2,471,201 | \$ 2,756,201 |
| Other liabilities | <u>287,305</u> | <u>2,503,310</u> | <u>2,790,615</u> |
| Total liabilities | <u>\$ 572,305</u> | <u>\$ 4,974,511</u> | <u>\$ 5,546,816</u> |
| Net assets: | | | |
| Invested in capital assets, net of related debt | \$ 72,639 | \$ 306,050 | \$ 378,689 |
| Restricted | 552,213 | | 552,213 |
| Unrestricted | <u>306,609</u> | <u>334,699</u> | <u>641,308</u> |
| Total net assets | <u>\$ 931,461</u> | <u>\$ 640,749</u> | <u>\$ 1,572,210</u> |

A portion of Palmyra Township, Lenawee County, Michigan's net assets (36 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$641,308) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Palmyra Township, Lenawee County, Michigan is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Financial Analysis of the Government's Funds

As noted earlier, Palmyra Township, Lenawee County, Michigan uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Palmyra Township, Lenawee County, Michigan's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Palmyra Township, Lenawee County, Michigan's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of this fiscal year.

As of the end of the current fiscal year, Palmyra Township, Lenawee County, Michigan's governmental funds reported combined ending fund balances of \$858,822, a decrease of (\$69,766) in comparison with the prior year. The Special Revenue Fund (Cemetery Operating) has \$23 available for their special uses.

The general fund is the chief operating fund of Palmyra Township, Lenawee County, Michigan. At the end of the current fiscal year, unreserved fund balance of the general fund was \$306,586.

The fund balance of Palmyra Township, Lenawee County, Michigan's general fund decreased by (\$64,957) during the current fiscal year. A key factor in this decrease was general fund's expenditures on roads of \$189,919.

Proprietary Fund - Palmyra Township, Lenawee County, Michigan's Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Sewer Fund at the end of the year amounted to \$334,699.

General Fund Budgetary Highlights

There is one difference between the original budget and final amended budget. The amendment to the budget was for an increase of \$50,000 for additional road work.

Capital Asset and Debt Administration

Capital assets. Palmyra Township, Lenawee County, Michigan's investment in capital assets for its governmental and business-type activities as of March 31, 2005, amounts to \$3,134,890 (net of accumulated depreciation). This investment in capital assets includes land, buildings and utility system, furniture and equipment, and fire vehicles and equipment. The total increase in Palmyra Township, Lenawee County, Michigan's investment in capital assets for the current fiscal year was \$325,251.

Major capital purchases during the current fiscal year were fire equipment (\$24,636) and sewer system improvements (\$327,268).

Palmyra Township, Lenawee County, Michigan's Capital Assets

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|-----------------------------|---|--|---------------------|
| Land | \$ 93,898 | \$ | \$ 93,898 |
| Buildings | 10,336 | | 10,336 |
| Furniture and equipment | 7,458 | | 7,458 |
| Fire vehicles and equipment | 245,947 | | 245,947 |
| Sewer system | | <u>2,777,251</u> | <u>2,777,251</u> |
| Total | <u>\$ 357,639</u> | <u>\$ 2,777,251</u> | <u>\$ 3,134,890</u> |

Additional information on Palmyra Township's capital assets can be found in Note 3 C. on pages 29 and 30.

Long-term debt. At the end of the current fiscal year, Palmyra Township, Lenawee County, Michigan had total debt outstanding of \$2,756,202. The debt represents the following:

**Palmyra Township, Lenawee County, Michigan's
Outstanding Debt Revenue Bonds**

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|--------------------------|---|--|
| Special assessment bonds | \$ 285,000 | \$ |
| Sewer bonds | | 857,391 |
| Sewer – SRF loan | <u> </u> | <u>1,613,811</u> |
| Total | <u>\$ 285,000</u> | <u>\$ 2,471,202</u> |

Additional information on Palmyra Township, Lenawee County, Michigan's long-term debt can be found in Note 5, on pages 33 – 38 of this report.

Economic Factors and Next Year's Budgets and Rates

The budget for fiscal year 2005-06 is based on prior year's figures. Assumptions used in determining this budget:

State revenues will be less than prior year.

Property taxes will be about the same as prior year.

Impact fees will be about the same as prior year.

Expenditures were budgeted in line with prior year, except for roads and fire equipment, which were budgeted higher.

Requests for Information

This financial report is designed to provide a general overview of Palmyra Township, Lenawee County, Michigan's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Palmyra Township, %Richard Jackson, Clerk, 6081 East U.S. 223, Palmyra, Michigan 49268.

September 9, 2005

INDEPENDENT AUDITORS' REPORT

Palmyra Township
Lenawee County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Palmyra Township, Lenawee County, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Palmyra Township, Lenawee County, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Palmyra Township, Lenawee County, Michigan, as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of April 1, 2004.

September 9, 2005

Palmyra Township
Lenawee County, Michigan

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2005 on our consideration of Palmyra Township, Lenawee County, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages i through vi is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinions on the financial statements that collectively comprise Palmyra Township, Lenawee County, Michigan's basic financial statements. The combining major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Robertson, Eaton & Owen, P.C.

September 9, 2005

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Palmyra Township
Lenawee County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Palmyra Township, Lenawee County Michigan, as of and for the year ended March 31, 2005, which collectively comprise Palmyra Township, Lenawee County Michigan's basic financial statements and have issued our report thereon dated September 9, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Palmyra Township, Lenawee County Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

September 9, 2005

Palmyra Township
Lenawee County, Michigan

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Palmyra Township, Lenawee County Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management of Palmyra Township, Lenawee County, Michigan, Departments of the State of Michigan, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robertson, Eaton & Owen, P.C.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

STATEMENT OF NET ASSETS

March 31, 2005

| | PRIMARY GOVERNMENT | | |
|---|------------------------------------|-------------------------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS: | | | |
| Cash and cash equivalents | \$ 184,248 | \$ 292,409 | \$ 476,657 |
| Investments | 619,579 | | 619,579 |
| Taxes receivable | 63,344 | | 63,344 |
| Special assessments receivable | 242,362 | 2,536,767 | 2,779,129 |
| Accounts receivable | 17,616 | | 17,616 |
| Sewer project receivables | 26,311 | | 26,311 |
| Due from other governmental units | 1,500 | | 1,500 |
| Internal balances | (8,833) | 8,833 | |
| Capital assets: | | | |
| Land | 93,898 | | 93,898 |
| Buildings | 141,280 | | 141,280 |
| Equipment and furniture | 11,925 | | 11,925 |
| Fire vehicles | 398,140 | | 398,140 |
| Fire equipment | 122,102 | | 122,102 |
| Sewer system | | 2,783,049 | 2,783,049 |
| Less: Accumulated depreciation | <u>(409,706)</u> | <u>(5,798)</u> | <u>(415,504)</u> |
| Total assets | <u>\$ 1,503,766</u> | <u>\$ 5,615,260</u> | <u>\$ 7,119,026</u> |
| LIABILITIES: | | | |
| Accounts payable | \$ 47,276 | \$ | \$ 47,276 |
| Accrued liabilities | 2,930 | | 2,930 |
| Deferred revenue – special assessment | 237,099 | 2,503,310 | 2,740,409 |
| Noncurrent liabilities: | | | |
| Due within one year | 25,000 | 123,779 | 148,779 |
| Due in more than one year | <u>260,000</u> | <u>2,347,422</u> | <u>2,607,422</u> |
| Total liabilities | <u>572,305</u> | <u>4,974,511</u> | <u>5,546,816</u> |
| NET ASSETS: | | | |
| Invested in capital assets, net of related debt | 72,639 | 306,050 | 378,689 |
| Restricted for: | | | |
| Perpetual care | 51,400 | | 51,400 |
| Fire apparatus and operating | 103,704 | | 103,704 |
| Fire savings | 551 | | 551 |
| State right of way | 3,702 | | 3,702 |
| Impact fees | 322,512 | | 322,512 |
| Debt service | 70,344 | | 70,344 |
| Unrestricted | <u>306,609</u> | <u>334,699</u> | <u>641,308</u> |
| Total net assets | <u>\$ 931,461</u> | <u>\$ 640,749</u> | <u>\$ 1,572,210</u> |

The notes to the financial statements are an integral part of this statement.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

STATEMENT OF ACTIVITIES

For the Year Ended March 31, 2005

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | |
|----------------------------------|-------------------|---------------------------------|---|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General government | \$ 100,523 | \$ | \$ | \$ |
| Public safety | 129,639 | 36,796 | | |
| Highways, streets, and bridges | 189,919 | | | |
| Sanitation | 25,803 | | | |
| Cemetery operating expenses | <u>11,745</u> | <u>1,850</u> | <u></u> | <u></u> |
| Total governmental activities | <u>457,629</u> | <u>38,646</u> | <u>-</u> | <u>-</u> |
| Business-Type Activities: | | | | |
| Sewer Fund | <u>82,488</u> | <u>3,409</u> | <u></u> | <u></u> |
| Total business-type activities | <u>82,488</u> | <u>3,409</u> | <u>-</u> | <u>-</u> |
| Total primary government | <u>\$ 540,117</u> | <u>\$ 42,055</u> | <u>\$ -</u> | <u>\$ -</u> |

General Revenues:

Property taxes
Intergovernmental – State
Licenses and permits
Interest income
Lot sales
Special assessments
Impact fees
Miscellaneous

Total general revenues

Change in net assets

Net assets – beginning of year

Net assets – end of year

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets
Primary Government

| <u>Governmental</u> <u>Activities</u> | <u>Business-Type</u> <u>Activities</u> | <u>Total</u> |
|--|---|---------------------|
| \$ (100,523) | \$ | \$ (100,523) |
| (92,843) | | (92,843) |
| (189,919) | | (189,919) |
| (25,803) | | (25,803) |
| <u>(9,895)</u> | <u></u> | <u>(9,895)</u> |
| <u>(418,983)</u> | <u>-</u> | <u>(418,983)</u> |
| <u></u> | <u>(79,079)</u> | <u>(79,079)</u> |
| <u>-</u> | <u>(79,079)</u> | <u>(79,079)</u> |
| <u>\$ (418,983)</u> | <u>\$ (79,079)</u> | <u>\$ (498,062)</u> |
| | | |
| \$ 65,615 | \$ | \$ 65,615 |
| 157,175 | | 157,175 |
| 2,495 | | 2,495 |
| 25,660 | 128,594 | 154,254 |
| 1,100 | | 1,100 |
| 18,530 | 146,439 | 164,969 |
| 93,615 | | 93,615 |
| <u>13,808</u> | <u></u> | <u>13,808</u> |
| <u>377,998</u> | <u>275,033</u> | <u>653,031</u> |
| (40,985) | 195,954 | 154,969 |
| <u>972,446</u> | <u>444,795</u> | <u>1,417,241</u> |
| <u>\$ 931,461</u> | <u>\$ 640,749</u> | <u>\$ 1,572,210</u> |

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

BALANCE SHEET

GOVERNMENTAL FUNDS

March 31, 2005

| | <u>Special Revenue</u> | | | <u>Permanent Fund</u> | |
|-------------------------------------|------------------------|---------------------------|---------------------|--------------------------------|---------------------------------|
| | <u>General Fund</u> | <u>Cemetery Operating</u> | <u>Debt Service</u> | <u>Cemetery Perpetual Care</u> | <u>Total Governmental Funds</u> |
| ASSETS: | | | | | |
| Cash and cash equivalents | \$ 116,121 | \$ (627) | \$ 67,354 | \$ 1,400 | \$ 184,248 |
| Investments | 569,579 | | | 50,000 | 619,579 |
| Receivables: | | | | | |
| Accounts | 17,616 | | | | 17,616 |
| Taxes | 3,742 | | | | 3,742 |
| Special assessments | | | 242,362 | | 242,362 |
| Sewer project | 26,311 | | | | 26,311 |
| Due from other funds | 59,602 | 650 | | | 60,252 |
| Due from other governments | <u>1,500</u> | <u> </u> | <u> </u> | <u> </u> | <u>1,500</u> |
| Total assets | <u>\$ 794,471</u> | <u>\$ 23</u> | <u>\$ 309,716</u> | <u>\$ 51,400</u> | <u>\$ 1,155,610</u> |
| LIABILITIES: | | | | | |
| Accounts payable | \$ 47,276 | \$ | \$ | \$ | \$ 47,276 |
| Accrued liabilities | 657 | | 2,273 | | 2,930 |
| Due to other funds | 9,483 | | | | 9,483 |
| Deferred revenue | <u> </u> | <u> </u> | <u>237,099</u> | <u> </u> | <u>237,099</u> |
| Total liabilities | <u>57,416</u> | <u>-</u> | <u>239,372</u> | <u>-</u> | <u>296,788</u> |
| FUND BALANCES: | | | | | |
| Reserved for: | | | | | |
| Perpetual care | | | | 51,400 | 51,400 |
| Fire apparatus and operating | 103,704 | | | | 103,704 |
| Fire savings | 551 | | | | 551 |
| State right of way | 3,702 | | | | 3,702 |
| Impact fees | 322,512 | | | | 322,512 |
| Debt service | | | 70,344 | | 70,344 |
| Unreserved, reported in: | | | | | |
| General Fund | 306,586 | | | | 306,586 |
| Special Revenue Fund | <u> </u> | <u>23</u> | <u> </u> | <u> </u> | <u>23</u> |
| Total fund balances | <u>737,055</u> | <u>23</u> | <u>70,344</u> | <u>51,400</u> | <u>858,822</u> |
| Total liabilities and fund balances | <u>\$ 794,471</u> | <u>\$ 23</u> | <u>\$ 309,716</u> | <u>\$ 51,400</u> | <u>\$ 1,155,610</u> |

The notes to the financial statements are an integral part of this statement.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**

March 31, 2005

Amounts reported for governmental activities in the
Statement of Net Assets are different because

| | |
|--|------------|
| Capital assets used in governmental activities are are not financial resources and, therefore, are not reported in the governmental funds. | \$ 357,639 |
|--|------------|

| | |
|---|------------------|
| Bond and loan indebtedness are recognized in the governmental funds when paid and not when accrued. | <u>(285,000)</u> |
|---|------------------|

| | |
|-----------------|--------|
| Net differences | 72,639 |
|-----------------|--------|

| | |
|--|----------------|
| Total fund balance in governmental funds | <u>858,822</u> |
|--|----------------|

| | |
|---|--------------------------|
| Total net assets of governmental activities | <u><u>\$ 931,461</u></u> |
|---|--------------------------|

The notes to the financial statements are an integral part of this statement.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –

GOVERNMENTAL FUNDS

For the Year Ended March 31, 2005

| | <u>General Fund</u> | <u>Special Revenue</u> | | <u>Permanent Fund</u> | |
|--|-------------------------|-------------------------------|-------------------------|--|---|
| | | <u>Cemetery Operating</u> | <u>Debt Service</u> | <u>Cemetery Perpetual Care</u> | <u>Total Governmental Funds</u> |
| Revenues: | | | | | |
| Property taxes | \$ 65,615 | \$ | \$ | \$ | \$ 65,615 |
| Licenses and permits | 2,495 | | | | 2,495 |
| Public safety | 36,796 | | | | 36,796 |
| Intergovernmental revenues | 157,175 | | | | 157,175 |
| Miscellaneous revenues | 8,266 | 2,650 | | | 10,916 |
| Lot sales and fees | | 1,850 | | 1,100 | 2,950 |
| Special assessments | | | 18,530 | | 18,530 |
| Interest | 6,966 | 5 | 16,985 | 1,704 | 25,660 |
| Impact fees | 93,615 | | | | 93,615 |
| Maintenance fee | <u>2,892</u> | <u> </u> | <u> </u> | <u> </u> | <u>2,892</u> |
| Total revenues | <u>373,820</u> | <u>4,505</u> | <u>35,515</u> | <u>2,804</u> | <u>416,644</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 99,940 | | | | 99,940 |
| Public safety | 134,003 | | | | 134,003 |
| Highways, streets, and bridges | 189,919 | | | | 189,919 |
| Cemetery operating expenses | | 11,745 | | | 11,745 |
| Sanitation | 10,265 | | | | 10,265 |
| Debt service: | | | | | |
| Principal | | | 25,000 | | 25,000 |
| Interest and bank fees | <u> </u> | <u> </u> | <u>15,538</u> | <u> </u> | <u>15,538</u> |
| Total expenditures | <u>434,127</u> | <u>11,745</u> | <u>40,538</u> | <u>-</u> | <u>486,410</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(60,307)</u> | <u>(7,240)</u> | <u>(5,023)</u> | <u>2,804</u> | <u>(69,766)</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | | 6,354 | | | 6,354 |
| Transfers out | <u>(4,650)</u> | <u> </u> | <u> </u> | <u>(1,704)</u> | <u>(6,354)</u> |
| Total other financing sources (uses) | <u>(4,650)</u> | <u>6,354</u> | <u>-</u> | <u>(1,704)</u> | <u>-</u> |
| Net change in fund balances | (64,957) | (886) | (5,023) | 1,100 | (69,766) |
| Fund balances - beginning of year | <u>802,012</u> | <u>909</u> | <u>75,367</u> | <u>50,300</u> | <u>928,588</u> |
| Fund balances - end of year | <u>\$ 737,055</u> | <u>\$ 23</u> | <u>\$ 70,344</u> | <u>\$ 51,400</u> | <u>\$ 858,822</u> |

The notes to the financial statements are an integral part of this statement.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**

March 31, 2005

Amounts reported for governmental activities in the
Statement of Activities are different because:

| | |
|---|-------------|
| Net change in fund balance – total governmental funds | \$ (69,766) |
|---|-------------|

Governmental funds report capital outlays as expenditures.
However, in the Statement of Activities, the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense. This is the amount by
which capital outlays exceeded depreciation in the current
period. (Total capital outlay \$25,461 less total depreciation
\$21,680).

3,781

The repayment of the principal of long-term debt consumes
the current financial resources of governmental funds.
However, this has no effect on net assets. The principal
payment amount was:

25,000

| | |
|---|--------------------|
| Change in net assets in governmental activities | <u>\$ (40,985)</u> |
|---|--------------------|

The notes to the financial statements are an integral part of this statement.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the Year Ended March 31, 2005

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) |
|------------------------------------|-------------------------|---------------------|------------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual Amounts</u> | |
| Revenues: | | | | |
| Property taxes: | | | | |
| General | \$ 60,000 | \$ 60,000 | \$ 65,615 | \$ 5,615 |
| Licenses and permits: | | | | |
| Dog licenses | | | 167 | 167 |
| Franchise fees | 2,500 | 2,500 | 2,328 | (172) |
| Total licenses and permits | 2,500 | 2,500 | 2,495 | (5) |
| Public Safety: | | | | |
| Ambulance service | 10,000 | 10,000 | 13,049 | 3,049 |
| Inspection fees | 15,000 | 15,000 | 23,747 | 8,747 |
| Total public safety | 25,000 | 25,000 | 36,796 | 11,796 |
| Intergovernmental revenues: | | | | |
| State shared revenues | 150,000 | 150,000 | 157,175 | 7,175 |
| Miscellaneous revenues: | | | | |
| Refunds and dividends | 1,000 | 1,000 | 3,416 | 2,416 |
| Hall rent | 3,000 | 3,000 | 2,735 | (265) |
| Zoning hearings/land division | 1,300 | 1,300 | 1,600 | 300 |
| Miscellaneous | 500 | 500 | 515 | 15 |
| Total miscellaneous revenues | 5,800 | 5,800 | 8,266 | 2,466 |
| Maintenance fee | - | - | 2,892 | 2,892 |
| Interest | 4,000 | 4,000 | 6,966 | 2,966 |
| Impact fees | 75,000 | 75,000 | 93,615 | 18,615 |
| Total revenues | 322,300 | 322,300 | 373,820 | 51,520 |

The notes to the financial statements are an integral part of this statement.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the Year Ended March 31, 2005

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) |
|--|-------------------------|---------------------|------------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual Amounts</u> | |
| Expenditures: | | | | |
| General Government | | | | |
| Supervisor | \$ 11,362 | \$ 11,362 | \$ 10,150 | \$ 1,212 |
| Clerk | 11,362 | 11,362 | 11,275 | 87 |
| Treasurer | 11,362 | 11,362 | 10,787 | 575 |
| Assessor | 19,000 | 19,000 | 15,755 | 3,245 |
| Township Board | 36,462 | 36,462 | 36,145 | 317 |
| Board of Review | 755 | 755 | 859 | (104) |
| Zoning | 1,077 | 1,077 | 947 | 130 |
| Town Hall | 19,500 | 19,500 | 8,857 | 10,643 |
| Elections | 3,000 | 3,000 | 1,525 | 1,475 |
| Code enforcement | <u>3,783</u> | <u>3,783</u> | <u>3,640</u> | <u>143</u> |
| Total General Government | <u>117,663</u> | <u>117,663</u> | <u>99,940</u> | <u>17,723</u> |
| Public Safety: | | | | |
| Fire Department and ambulance service | 91,137 | 91,137 | 106,996 | (15,859) |
| Street lights | 4,000 | 4,000 | 3,724 | 276 |
| Building and electrical inspections | <u>20,000</u> | <u>20,000</u> | <u>23,283</u> | <u>(3,283)</u> |
| Total Public Safety | <u>115,137</u> | <u>115,137</u> | <u>134,003</u> | <u>(18,866)</u> |
| Highways, streets and bridges | <u>150,000</u> | <u>200,000</u> | <u>189,919</u> | <u>10,081</u> |
| Sanitation: | | | | |
| Drain at large | <u>3,000</u> | <u>3,000</u> | <u>10,265</u> | <u>(7,265)</u> |
| Total expenditures | <u>385,800</u> | <u>435,800</u> | <u>434,127</u> | <u>1,673</u> |
| Excess (deficiency) or revenues over (under) expenditures | (63,500) | (113,500) | (60,307) | 53,193 |
| Other financing uses: | | | | |
| Transfers out | <u>(10,000)</u> | <u>(10,000)</u> | <u>(4,650)</u> | <u>5,350</u> |
| Net change in fund balance | (73,500) | (123,500) | (64,957) | 58,543 |
| Fund balance – beginning of year | | | <u>802,012</u> | |
| Fund balance – end of year | | | <u>\$ 737,055</u> | |

The notes to the financial statements are an integral part of this statement.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

CEMETERY OPERATING SPECIAL REVENUE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the Year Ended March 31, 2005

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) |
|--|-------------------------|---------------------|------------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual Amounts</u> | |
| Revenues: | | | | |
| Lot sales and fees | \$ 1,500 | \$ 1,500 | \$ 1,850 | \$ 350 |
| Interest | 10 | 10 | 5 | (5) |
| Miscellaneous | <u> </u> | <u> </u> | <u>2,650</u> | <u>2,650</u> |
| Total revenues | 1,510 | 1,510 | 4,505 | 2,995 |
| Expenditures: | | | | |
| Cemetery operating expenses | <u>10,785</u> | <u>10,785</u> | <u>11,745</u> | <u>(960)</u> |
| Excess (deficiency) of revenues over (under) expenditures | (9,275) | (9,275) | (7,240) | 2,035 |
| Other financing sources: | | | | |
| Transfers in | <u>10,000</u> | <u>10,000</u> | <u>6,354</u> | <u>(3,646)</u> |
| Net change in fund balance | 725 | 725 | (886) | (1,611) |
| Fund balance – beginning of year | | | <u>909</u> | |
| Fund balance – end of year | | | <u>\$ 23</u> | |

The notes to the financial statements are an integral part of this statement.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

DEBT SERVICE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the Year Ended March 31, 2005

| | Budgeted Amounts | | <u>Actual Amounts</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|----------------------------------|-------------------------|---------------------|------------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Special assessments | \$ 19,000 | \$ 19,000 | \$ 18,530 | \$ (470) |
| Interest | <u>17,575</u> | <u>17,575</u> | <u>16,985</u> | <u>(590)</u> |
| Total revenues | 36,575 | 36,575 | 35,515 | (1,060) |
| Expenditures: | | | | |
| Debt service | <u>40,800</u> | <u>40,800</u> | <u>40,538</u> | <u>262</u> |
| Net change in fund balance | (4,225) | (4,225) | (5,023) | (798) |
| Fund balance – beginning of year | | | <u>75,367</u> | |
| Fund balance – end of year | | | <u>\$ 70,344</u> | |

The notes to the financial statements are an integral part of this statement.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

STATEMENT OF NET ASSETS

PROPRIETARY FUND

March 31, 2005

| | Business-Type Activities – <u>Enterprise Fund</u> |
|--|--|
| | <u>Sewer Fund</u> |
| ASSETS: | |
| Current assets: | \$ 292,409 |
| Cash and cash equivalents | |
| Receivables: | |
| Special assessment | 33,457 |
| Due from other funds | <u>8,833</u> |
| Total current assets | <u>334,699</u> |
| Noncurrent assets: | |
| Special assessment receivable | <u>2,503,310</u> |
| Capital assets: | |
| Sewer system | 2,783,049 |
| Less: Accumulated depreciation | <u>(5,798)</u> |
| Total capital assets | <u>2,777,251</u> |
| Total assets | <u>\$ 5,615,260</u> |
| LIABILITIES: | |
| Current liabilities: | |
| Bonds payable | \$ 33,779 |
| Loan payable – SRF | <u>90,000</u> |
| Total current liabilities | <u>123,779</u> |
| Noncurrent liabilities: | |
| Bonds payable | 823,611 |
| Loan payable – SRF | 1,523,811 |
| Deferred special assessments | <u>2,503,310</u> |
| Total noncurrent liabilities | <u>4,850,732</u> |
| Total liabilities | <u>4,974,511</u> |
| NET ASSETS: | |
| Invested in capital assets, net of related debt | 306,050 |
| Unrestricted | <u>334,699</u> |
| Total net assets | <u>\$ 640,749</u> |

The notes to the financial statements are an integral part of this statement.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUND

For the Year Ended March 31, 2005

| | Business-Type Activities – <u>Enterprise Fund</u> |
|--|--|
| | <u>Sewer Fund</u> |
| Operating revenues: | |
| Sewer usage fee | \$ 3,409 |
| Total operating revenues | <u> 3,409</u> |
| Operating expenses: | |
| Operation and maintenance expense | 3,322 |
| Depreciation | 5,798 |
| Miscellaneous | <u> 12</u> |
| Total operating expenses | <u> 9,132</u> |
| Operating loss | <u> (5,723)</u> |
| Nonoperating revenues (expenses): | |
| Special assessments | 146,439 |
| Interest income | 128,594 |
| Interest expense | <u> (73,356)</u> |
| Total nonoperating revenues (expenses) | <u> 201,677</u> |
| Change in net assets | 195,954 |
| Total net assets – beginning of year | <u> 444,795</u> |
| Total net assets – end of year | <u>\$ 640,749</u> |

The notes to the financial statements are an integral part of this statement.

PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended March 31, 2005

DECREASE IN CASH AND CASH EQUIVALENTS

| | <u>Business-Type Activities – Enterprise Fund</u> |
|--|---|
| | <u>Sewer Fund</u> |
| Cash flows from operating activities: | |
| Cash received from customers | \$ 3,409 |
| Cash paid to suppliers and employees | <u>(3,334)</u> |
| Net cash provided by operating activities | <u>75</u> |
| Cash flows from capital and related financing activities: | |
| Special assessments | 133,001 |
| Capital expenditures | (327,268) |
| Bonds/loan paid off | (108,877) |
| Interest expense | (104,727) |
| Loan proceeds | <u>124,297</u> |
| Net cash used in capital and related financing activities | <u>(283,574)</u> |
| Cash flows from investing activities: | <u>128,594</u> |
| Interest income | |
| Net cash provided by investing activities | <u>128,594</u> |
| Decrease in cash and cash equivalents | (154,905) |
| Cash and cash equivalents – beginning of year | <u>447,314</u> |
| Cash and cash equivalents – end of year | <u>\$ 292,409</u> |
| RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES | |
| Net operating loss | <u>\$ (5,723)</u> |
| Adjustments to reconcile net operating loss to net cash provided by operating activities: | |
| Depreciation expense | <u>5,798</u> |
| Total adjustments | <u>5,798</u> |
| Net cash provided by operating activities | <u>\$ 75</u> |

The notes to the financial statements are an integral part of this statement.

PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN

STATEMENT OF NET ASSETS

FIDUCIARY FUND

March 31, 2005

| | | <u>AGENCY FUND</u> |
|------------------------|--|--------------------|
| <u>ASSETS</u> | | <u>Tax Account</u> |
| Cash | | \$ 59,602 |
| Total assets | | <u>\$ 59,602</u> |
| <u>LIABILITIES</u> | | |
| Due to other funds | | \$ 59,602 |
| Total liabilities | | <u>\$ 59,602</u> |

The notes to the financial statements are an integral part of this statement.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FIDUCIARY FUND – TAX ACCOUNT

For the Year Ended March 31, 2005

| | <u>Balance</u> <u>April 1, 2004</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>March 31, 2005</u> |
|---------------------------|--|-------------------------|-------------------------|---|
| <u>ASSETS</u> | | | | |
| Cash | \$ 58,044 | \$ 1,303,929 | \$ 1,302,371 | \$ 59,602 |
| Total assets | <u>\$ 58,044</u> | <u>\$ 1,303,929</u> | <u>\$ 1,302,371</u> | <u>\$ 59,602</u> |
| <u>LIABILITIES</u> | | | | |
| Due to other funds | \$ 58,044 | \$ 1,303,929 | \$ 1,302,371 | \$ 59,602 |
| Total liabilities | <u>\$ 58,044</u> | <u>\$ 1,303,929</u> | <u>\$ 1,302,371</u> | <u>\$ 59,602</u> |

The notes to the financial statements are an integral part of this statement.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Palmyra Township, Lenawee County, Michigan (the "Township") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

Effective April 1, 2004, Palmyra Township, Lenawee County, Michigan implemented the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Significant changes in the statement include the following:

- ◆ A Management’s Discussion and Analysis (MD&A) section providing an analysis of the Township’s overall financial position and results of operations has been included with the financial statements.
- ◆ Financial statements prepared using full accrual accounting for all of the Township’s activities.
- ◆ A change in the fund financial statements to focus on the major fund.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). Palmyra Township has elected to implement the general provisions of the statement.

A. Reporting Entity

The Township of Palmyra is a noncharter township, governed by a Board of Trustees. As required by generally accepted accounting principles, these financial statements present Palmyra Township as a primary government. There are no component units to the Township.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary fund, and fiduciary fund, even though the latter are excluded from the government-wide financial statements. Major governmental funds and a major enterprise fund are reported as separate columns in the fund financial statements.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Amounts due from other governments and services provided associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Special Revenue Fund* is used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes.

The *Debt Service Fund* accounts for the servicing of general long-term debt and not being financed by Proprietary or Nonexpendable Trust Funds.

The *Permanent Fund (Cemetery Perpetual Care)* is used to account for revenues received which are held in perpetuity and income derived is restricted for the care and operations of the cemetery.

The government reports the following major proprietary fund:

The *Sewer Fund* accounts for the acquisition, operation, and maintenance of the Township's sewer system.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the government reports the following fund types:

The *Fiduciary Funds – Trust and AgencyType Funds* are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The *Agency Fund (Tax Account)* is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of the following subsequent private-sector guidance for their business-type activities (Sewer Fund), subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments of utility charges between the Township's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various function concerned.

Amounts reported as *program revenues* included 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The Proprietary Fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer Fund relate to charges to customers for sales and services. Operating expenses for this fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2005**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, liabilities, and net assets or equity.

1. Cash and investments

Cash includes amounts in cash on hand, demand deposits, except those deposits noted as investments (see below), as well as short-term investments with a maturity date within three months of the date acquired by the government.

Investments include money market and certificates of deposit where the intent is to hold funds long-term, as well as investments with maturity dates over three months of the date acquired by the government.

State statutes authorize the government to invest in Obligations of the U.S. Treasury, Federal Agencies, commercial paper, corporate bonds, repurchase agreements, and State approved Investment Pools.

Investments are stated at cost or amortized cost. The Township will use amortized cost only when it reflects fair value of the investment. Currently, no investments are stated at amortized cost.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The Township had no advances between funds at March 31, 2005.

Personal property taxes receivable is shown net of an allowance for uncollectibles.

Properties are assessed as of December 31 and the tax levy is December 1 of the following year. The tax levy of December 1, 2004 is revenue in the Township's fiscal year ended March 31, 2005.

The Township had a general tax millage of .9469 for 2004. The Township's maximum allowable millage is 1.000 mills.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Assets

Capital assets, which include land, buildings, furniture and equipment, fire vehicles and equipment, and sewer system) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Buildings, equipment, and sewer system of the Township are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-------------------------|--------------|
| Buildings | 50 |
| Equipment and furniture | 10 – 20 |
| Fire vehicles | 10 – 20 |
| Fire equipment | 10 – 20 |
| Sewer system | 40 |

4. Long-term obligations

In the governmental-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

5. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

March 31, 2005

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The accounting basis used by the Township for budgeting is in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Township follows the budgetary procedures outlined by the State of Michigan including public hearings and proper adoption. All funds of the Township have a budget. All annual appropriations lapse at fiscal year end. The budgets are amended during the year as needed.

B. Excess of expenditures over appropriations in budgetary funds

P.A. 621 of 1978, Section 18(1), as amended, of the State of Michigan provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on an activity basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

During the year ended March 31, 2005, the Township incurred expenditures in the General Fund which were in excess of the amounts appropriated, as follows:

| <u>Fund</u> | <u>Appropriations</u> | <u>Amount of Expenditures</u> | <u>Budget Variance</u> |
|--|-----------------------|-----------------------------------|----------------------------|
| General Fund | | | |
| General Government: | | | |
| Board of Review | \$ 755 | \$ 859 | \$ 104 |
| Public Safety: | | | |
| Fire Department and ambulance service | 91,137 | 106,996 | 15,859 |
| Building and electrical inspections | 20,000 | 23,283 | 3,283 |
| Sanitation: | | | |
| Drain at large | 3,000 | 10,265 | 7,265 |

These additional expenditures were funded by greater than anticipated revenues in the case of the General Fund.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Primary Government

Deposits. At year end, the carrying value of the Township's deposits was \$536,260 and the bank balance was \$539,828. The total bank balance is classified in the following three categories of credit risk: (1) Insured or collateralized with securities held by the Township or by its agent in the Township's name. (2) Collateralized with securities held by a pledging financial institution's trust department or agent in the Township's name. (3) Uncollateralized. (This includes any bank balance that is collateralized with securities held by a pledging financial institution or by its trust department or agent but not in the Township's name.)

Due to higher cash flows during certain times of the year, especially when property taxes are being collected, deposits of the Township increase significantly. As a result, the amounts classified in category 3 at those times of year were substantially higher than at year end.

| | <u>CATEGORIES</u> | | | |
|----------|-------------------|-------------|-------------------|-------------------|
| | <u>1</u> | <u>2</u> | <u>3</u> | <u>Total</u> |
| Checking | <u>\$ 151,768</u> | <u>\$ -</u> | <u>\$ 388,060</u> | <u>\$ 539,828</u> |

Bank balances shown in Category 1 are insured by Federal Depository Insurance.

All deposits are with banks located in Michigan as required by statutes.

Primary Government

Investments. The Township's investments are classified in the following three categories of credit risk: (1) Insured or registered, or securities held by the Township or its agent in the Township's name. (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name. (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

The Township had investments with carrying value and bank balance of \$619,579 at year end.

| | <u>CATEGORIES</u> | | | |
|---|--------------------------|-----------------|-------------------|---------------------|
| | <u>1</u> | <u>2</u> | <u>3</u> | <u>Total</u> |
| U.S. Savings Bonds | \$ 50,000 | \$ | \$ | \$ 50,000 |
| Flex Account, 2.29% | 100,000 | | 39,139 | 139,139 |
| Certificate of Deposit, 1.88%, due 8-19-05 | <u>100,000</u> | <u></u> | <u>330,440</u> | <u>430,440</u> |
| Total | <u>\$ 250,000</u> | <u>\$ -</u> | <u>\$ 369,579</u> | <u>\$ 619,579</u> |

B. Receivables

Receivables as of year end for the government's individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>General Fund</u> | <u>Debt Service</u> | <u>Sewer Fund</u> | <u>Total</u> |
|---------------------------------------|--------------------------------|--------------------------------|------------------------------|---------------------|
| Receivables: | | | | |
| Taxes | \$ 3,742 | \$ | \$ | \$ 3,742 |
| Accounts | 20,883 | | | 20,883 |
| Special assessments | | 242,362 | 2,536,767 | 2,779,129 |
| Intergovernmental | 1,500 | | | 1,500 |
| Sewer projects | <u>26,311</u> | <u></u> | <u></u> | <u>26,311</u> |
| Gross receivables | 52,436 | 242,362 | 2,536,767 | 2,831,565 |
| Less: Allowance for uncollectibles | <u>(3,267)</u> | <u></u> | <u></u> | <u>(3,267)</u> |
| Net total receivables | <u>\$ 49,169</u> | <u>\$ 242,362</u> | <u>\$ 2,536,767</u> | <u>\$ 2,828,298</u> |

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital assets

Capital asset activity for the year ended March 31, 2005 was as follows:

Primary Government

| | <u>Balance April 1, 2004</u> | <u>Acquisitions</u> | <u>Dispositions</u> | <u>Balance March 31, 2005</u> |
|---|----------------------------------|---------------------|---------------------|-----------------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 93,898 | \$ - | \$ - | \$ 93,898 |
| Capital assets, being depreciated: | | | | |
| Building and improvements | 141,280 | | | 141,280 |
| Furniture and equipment | 11,100 | 825 | | 11,925 |
| Fire vehicles | 398,140 | | | 398,140 |
| Fire equipment | 97,466 | 24,636 | | 122,102 |
| Total capital assets, being depreciated | <u>647,986</u> | <u>25,461</u> | <u>-</u> | <u>673,447</u> |
| Less: Accumulated depreciation for: | | | | |
| Buildings and improvements | 130,673 | 271 | | 130,944 |
| Furniture and equipment | 3,330 | 1,137 | | 4,467 |
| Fire vehicles | 216,793 | 14,005 | | 230,798 |
| Fire equipment | 37,230 | 6,267 | | 43,497 |
| Total accumulated depreciation | <u>388,026</u> | <u>21,680</u> | <u>-</u> | <u>409,706</u> |
| Total capital assets, being depreciated, net | <u>259,960</u> | <u>3,781</u> | <u>-</u> | <u>263,741</u> |
| Governmental activities, capital assets – net | <u>\$ 353,858</u> | <u>\$ 3,781</u> | <u>\$ -</u> | <u>\$ 357,639</u> |

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

March 31, 2005

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

| | <u>Balance April 1, 2004</u> | <u>Acquisitions</u> | <u>Dispositions</u> | <u>Balance March 31, 2005</u> |
|--|----------------------------------|---------------------|---------------------|-----------------------------------|
| Business-type activities: | | | | |
| Capital assets, being depreciated: | | | | |
| Sewer system | \$ 2,455,781 | \$ 327,268 | \$ _____ | \$ 2,783,049 |
| Total capital assets, being depreciated | <u>2,455,781</u> | <u>327,268</u> | <u>-</u> | <u>2,783,049</u> |
| Less: Accumulated depreciation for: | | | | |
| Sewer system | _____ | 5,798 | _____ | 5,798 |
| Total accumulated depreciation | <u>-</u> | <u>5,798</u> | <u>-</u> | <u>5,798</u> |
| Total capital assets, being depreciated – net | <u>\$ 2,455,781</u> | <u>\$ 321,470</u> | <u>\$ -</u> | <u>\$ 2,777,251</u> |

Depreciation expense charged to functions is as follows:

| | |
|--|------------------|
| Governmental activities: | |
| General government | \$ 1,408 |
| Public safety | <u>20,272</u> |
| Total depreciation expense – governmental activities | <u>\$ 21,680</u> |
| Business-type activities: | |
| Sewer system | <u>\$ 5,798</u> |
| Total depreciation expense – business-type activities | <u>\$ 5,798</u> |

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2005**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund receivables, payables, and transfers

Primary Government

Due to/from other funds:

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Fund</u> | <u>Interfund Payable</u> |
|--------------------|---------------------------------|-------------|------------------------------|
| General | \$ 59,602 | Tax Account | \$ 59,602 |
| Sewer | 8,833 | General | 8,833 |
| Cemetery operating | <u>650</u> | General | <u>650</u> |
| | <u>\$ 69,085</u> | | <u>\$ 69,085</u> |

Interfund transfers:

| | <u>Transfers In</u> | |
|-------------------------|-------------------------------|-----------------|
| | <u>Cemetery Operating</u> | <u>Total</u> |
| Transfers out: | | |
| General Fund | \$ 4,650 | \$ 4,650 |
| Cemetery Perpetual Care | <u>1,704</u> | <u>1,704</u> |
| | <u>\$ 6,354</u> | <u>\$ 6,354</u> |

The purpose of these transfers was to support operations of the cemetery.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2005**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

E. Segment information for the Sewer Fund

| | <u>Sewer</u> |
|---|--------------|
| Operating revenues | \$ 3,409 |
| Depreciation expense | 5,798 |
| Operating loss | (5,723) |
| Net income | 195,954 |
| Property, plant, and equipment additions | 327,268 |
| Net working capital | 210,920 |
| Total assets | 5,615,260 |
| Bonds and other long term liabilities: | |
| Payable from operating revenues | 2,347,422 |
| Total net assets | 640,749 |

NOTE 4. RESTRICTED FUNDS

Fire Department Funds - Fire Department Funds are funded by donations from third parties for Fire Department related activity. Expenditures are made only after consulting the Palmyra Fire Department.

The activity of the Funds for 2004-05 was:

| | <u>Fire Apparatus And Operating</u> | <u>Fire Department Savings</u> |
|--------------------------|---|--|
| Balance - April 1, 2004 | \$ 112,304 | \$ 550 |
| Interest income | | 1 |
| Paid to SCBA Update | <u>(8,600)</u> | <u> </u> |
| Balance - March 31, 2005 | <u>\$ 103,704</u> | <u>\$ 551</u> |

PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2005

NOTE 4. RESTRICTED FUNDS (Continued)

Impact Fees Fund - The Impact Fees Fund is funded by fees collected from the landfill operator in Palmyra Township. The funds collected are to be expended for the public health, safety, or welfare of the citizens of the Township.

The activity in this Fund for 2004-05 was:

| | |
|--------------------------|-------------------|
| Balance - April 1, 2004 | \$ 228,897 |
| Fees collected | <u>93,615</u> |
| Balance - March 31, 2005 | <u>\$ 322,512</u> |

The **State Right of Way Fund** is funded by contributions from utility companies under the Metro Act.

| | |
|--------------------------|-----------------|
| Balance - April 1, 2004 | \$ 810 |
| Annual maintenance fee | <u>2,892</u> |
| Balance - March 31, 2005 | <u>\$ 3,702</u> |

NOTE 5. LONG-TERM DEBT

Palmyra Township has issued bonds to construct a water system in a subdivision (Manor Farms) of the Township. The water system is owned, operated, and maintained by Lenawee County. This bond issue of \$300,000, dated July 1, 1996, is to be fully funded by special assessments. The Township has pledged its full faith and credit as secondary funding.

Palmyra Township has issued bonds for the construction of a sewer system located on East Maumee Street and Parr Highway. The bond issue of \$155,000, dated April 1, 1997, is to be fully funded by special assessment. The Township has pledged its full faith and credit as secondary funding. The sewer system is owned, operated, and maintained by Lenawee County.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

NOTE 5. LONG-TERM DEBT (Continued)

The Debt Service requirements of the \$300,000 Bond Issue are as follows:

TOWNSHIP OF PALMYRA, MICHIGAN

1996 SPECIAL ASSESSMENT BONDS

(MANOR FARMS)

(LIMITED TAX GENERAL OBLIGATION)

| <u>Year Ended March 31,</u> | <u>Principal Paid</u> | <u>Interest Rate</u> | <u>Interest Paid</u> | <u>Total</u> |
|--|------------------------------|-----------------------------|-----------------------------|---------------------|
| 2006 | \$ 15,000 | 5.05% | \$ 9,090 | \$ 24,090 |
| 2007 | 20,000 | 5.15 | 8,498 | 28,498 |
| 2008 | 15,000 | 5.20 | 7,540 | 22,540 |
| 2009 | 15,000 | 5.20 | 6,760 | 21,760 |
| 2010 | 20,000 | 5.25 | 6,038 | 26,038 |
| 2011 | 15,000 | 5.25 | 4,988 | 19,988 |
| 2012 | 15,000 | 5.25 | 4,200 | 19,200 |
| 2013 | 15,000 | 5.35 | 3,478 | 18,478 |
| 2014 | 15,000 | 5.40 | 2,700 | 17,700 |
| 2015 | 15,000 | 5.45 | 1,908 | 16,908 |
| 2016 | 15,000 | 5.50 | 1,100 | 16,100 |
| 2017 | <u>5,000</u> | 5.60 | <u>280</u> | <u>5,280</u> |
| | <u>\$ 180,000</u> | | <u>\$ 56,580</u> | <u>\$ 236,580</u> |

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

NOTE 5. LONG-TERM DEBT (Continued)

The Debt Service requirements of the \$155,000 Bond Issue are as follows:

**TOWNSHIP OF PALMYRA, MICHIGAN
SPECIAL ASSESSMENT BONDS
(APRIL 1, 1997)
(LIMITED TAX GENERAL OBLIGATION)**

| Year Ended March 31, | Principal Paid | Interest Rate | Interest Paid | Total |
|-------------------------------------|-----------------------|----------------------|----------------------|----------------------|
| 2006 | \$ 10,000.00 | .0525% | \$ 5,342.50 | \$ 15,342.50 |
| 2007 | 10,000.00 | .0525 | 4,817.50 | 14,817.50 |
| 2008 | 10,000.00 | .0530 | 4,292.50 | 14,292.50 |
| 2009 | 10,000.00 | .0530 | 3,765.00 | 13,765.00 |
| 2010 | 5,000.00 | .0530 | 3,367.50 | 8,367.50 |
| 2011 | 10,000.00 | .0530 | 2,970.00 | 12,970.00 |
| 2012 | 10,000.00 | .0535 | 2,440.00 | 12,440.00 |
| 2013 | 5,000.00 | .0545 | 2,041.25 | 7,041.25 |
| 2014 | 10,000.00 | .0545 | 1,635.00 | 11,635.00 |
| 2015 | 10,000.00 | .0545 | 1,090.00 | 11,090.00 |
| 2016 | 5,000.00 | .0545 | 681.25 | 5,681.25 |
| 2017 | 5,000.00 | .0545 | 408.75 | 5,408.75 |
| 2018 | <u>5,000.00</u> | .0545 | <u>136.25</u> | <u>5,136.25</u> |
| | <u>\$ 105,000.00</u> | | <u>\$ 32,987.50</u> | <u>\$ 137,987.50</u> |

Palmyra Township is involved in the acquiring and construction of a sewer system known as the Central Lenawee Sewage Disposal System which is located in the Township of Palmyra and in the Charter Township of Madison. Each Township will own their respective portion of the System.

The Central Lenawee Sewage Disposal System is being funded by two separate debt obligations involving Palmyra Township.

One debt obligation is a bond issue totaling \$4,410,000 of which Palmyra Township is responsible for 19.87% of the debt service obligation. The other is a loan from the State Revolving Fund (SRF) totaling \$1,875,000 for which Palmyra Township is totally responsible.

Both debts will be paid through special assessments levied by the Township.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

NOTE 5. LONG-TERM DEBT (Continued)

**COUNTY OF LENAWEЕ, STATE OF MICHIGAN
SEWAGE DISPOSAL BONDS, SERIES 2003A
(CENTRAL LENAWEЕ SEWAGE DISPOSAL SYSTEMS)
(MAY 1, 2003)**

The Township's Debt Service requirements of the \$4,410,000 Bond Issue. Palmyra Township's portion (19.87%) is shown on the schedule below.

| Year Ended March 31, | October 1 Principal | April 1 Interest | October 1 Interest | Total |
|-------------------------------------|--------------------------------|-----------------------------|-------------------------------|------------------------|
| 2006 | \$ 33,779.00 | \$ 16,828.65 | \$ 16,828.65 | \$ 67,436.30 |
| 2007 | 33,779.00 | 16,321.96 | 16,321.96 | 66,422.93 |
| 2008 | 34,772.50 | 15,815.28 | 15,815.28 | 66,403.06 |
| 2009 | 35,766.00 | 15,293.69 | 15,293.69 | 66,353.38 |
| 2010 | 35,766.00 | 14,712.49 | 14,712.49 | 65,190.99 |
| 2011 | 37,753.00 | 14,108.94 | 14,108.94 | 65,970.88 |
| 2012 | 38,746.50 | 13,471.86 | 13,471.86 | 65,690.22 |
| 2013 | 39,740.00 | 12,793.80 | 12,793.80 | 65,327.59 |
| 2014 | 41,727.00 | 12,068.54 | 12,068.54 | 65,864.08 |
| 2015 | 43,714.00 | 11,286.16 | 11,286.16 | 66,286.32 |
| 2016 | 44,707.50 | 10,444.67 | 10,444.67 | 65,596.83 |
| 2017 | 46,694.50 | 9,561.69 | 9,561.69 | 65,817.88 |
| 2018 | 48,681.50 | 8,616.13 | 8,616.13 | 65,913.76 |
| 2019 | 50,668.50 | 7,605.99 | 7,605.99 | 65,880.48 |
| 2020 | 52,655.50 | 6,529.28 | 6,529.28 | 65,714.06 |
| 2021 | 55,636.00 | 5,384.02 | 5,384.02 | 66,404.04 |
| 2022 | 58,616.50 | 4,160.03 | 4,160.03 | 66,936.56 |
| 2023 | 60,603.50 | 2,841.16 | 2,841.16 | 66,285.82 |
| 2024 | <u>63,584.00</u> | <u>1,462.43</u> | <u>1,462.43</u> | <u>66,508.86</u> |
| | <u>\$ 857,390.50</u> | <u>\$ 199,306.78</u> | <u>\$ 199,306.78</u> | <u>\$ 1,256,004.06</u> |

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

NOTE 5. LONG-TERM DEBT (Continued)

**PALMYRA TOWNSHIP, MICHIGAN
STATE REVOLVING FUND (SRF) LOAN
PROJECT 5174-01
(JUNE 26, 2003)**

The Debt Service requirements of the \$1,875,000 loan (current balance \$1,613,811 at March 31, 2005) are as follows:

| Year Ended March 31, | October 1 Principal | April 1 Interest | October 1 Interest | Total |
|-------------------------------------|--------------------------------|-----------------------------|-------------------------------|------------------------|
| 2006 | \$ 90,000.00 | \$ 19,671.99 | \$ 20,172.64 | \$ 129,844.63 |
| 2007 | 90,000.00 | 19,047.64 | 19,047.64 | 128,095.28 |
| 2008 | 90,000.00 | 17,922.64 | 17,922.64 | 125,845.28 |
| 2009 | 90,000.00 | 16,797.64 | 16,797.64 | 123,595.28 |
| 2010 | 95,000.00 | 15,672.64 | 15,672.64 | 126,345.28 |
| 2011 | 95,000.00 | 14,485.14 | 14,485.14 | 123,970.28 |
| 2012 | 95,000.00 | 13,297.64 | 13,297.64 | 121,595.28 |
| 2013 | 95,000.00 | 12,110.14 | 12,110.14 | 119,220.28 |
| 2014 | 95,000.00 | 10,922.64 | 10,922.64 | 116,845.28 |
| 2015 | 95,000.00 | 9,735.14 | 9,735.14 | 114,470.28 |
| 2016 | 95,000.00 | 8,547.64 | 8,547.64 | 112,095.28 |
| 2017 | 95,000.00 | 7,360.14 | 7,360.14 | 109,720.28 |
| 2018 | 95,000.00 | 6,172.64 | 6,172.64 | 107,345.28 |
| 2019 | 95,000.00 | 4,985.14 | 4,985.14 | 104,970.28 |
| 2020 | 95,000.00 | 3,797.64 | 3,797.64 | 102,595.28 |
| 2021 | 95,000.00 | 2,610.14 | 2,610.14 | 100,220.28 |
| 2022 | 95,000.00 | 1,422.64 | 1,422.64 | 97,845.28 |
| 2023 | 95,000.00 | 235.14 | 235.14 | 95,470.28 |
| 2024 | <u>95,000.00</u> | <u>(952.36)</u> | <u>(952.36)</u> | <u>93,095.28</u> |
| | <u>\$ 1,785,000.00</u> | <u>\$ 183,842.01</u> | <u>\$ 184,342.66</u> | <u>\$ 2,153,184.67</u> |

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

NOTE 5. LONG-TERM DEBT (Continued)

The schedule of long-term liability activity is as follows:

| | Water Fund 1996 Special Assessment Bonds | Sewer Fund 1997 Special Assessment Bonds | Sewer Fund Sewage Disposal Bonds Series 2003A | Sewer Fund SRF Loan | Total |
|--------------------------|---|---|--|--------------------------------|---------------------|
| Balance – April 1, 2004 | \$ 200,000 | \$ 110,000 | \$ 876,267 | \$ 1,579,514 | \$ 2,765,781 |
| Increases | | | | 124,297 | 124,297 |
| Decreases | <u>(20,000)</u> | <u>(5,000)</u> | <u>(18,877)</u> | <u>(90,000)</u> | <u>(133,877)</u> |
| Balance – March 31, 2004 | 180,000 | 105,000 | 857,390 | 1,613,811 | 2,756,201 |
| Less: Current portion | <u>(15,000)</u> | <u>(10,000)</u> | <u>(33,779)</u> | <u>(90,000)</u> | <u>(148,779)</u> |
| Total due after one year | <u>\$ 165,000</u> | <u>\$ 95,000</u> | <u>\$ 823,611</u> | <u>\$ 1,523,811</u> | <u>\$ 2,607,422</u> |

Total long term debt obligations at March 31, 2005 were as follows:

| Year Ended March 31, | Principal | Interest | Total |
|---------------------------------|---------------------|---------------------|---------------------|
| 2006 | \$ 148,779 | \$ 87,614 | \$ 236,393 |
| 2007 | 153,779 | 86,593 | 240,372 |
| 2008 | 149,773 | 85,501 | 235,274 |
| 2009 | 150,766 | 84,362 | 235,128 |
| 2010 | 155,766 | 83,174 | 238,940 |
| 2011-2015 | 796,681 | 395,843 | 1,192,524 |
| 2016-2020 | 753,408 | 355,898 | 1,109,306 |
| 2021-2024 | <u>618,440</u> | <u>305,648</u> | <u>924,088</u> |
| | <u>\$ 2,927,392</u> | <u>\$ 1,484,633</u> | <u>\$ 4,412,025</u> |

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

COMBINING BALANCE SHEET

DEBT SERVICE FUND

March 31, 2005

| <u>ASSETS</u> | <u>Manor Farms</u> | <u>Maumee Street and Parr Highway</u> | <u>Totals (Memorandum Only)</u> |
|---|---------------------------|--|--|
| Cash | \$ 43,575 | \$ 23,779 | \$ 67,354 |
| Special assessment receivable | 150,060 | 87,039 | 237,099 |
| Delinquent special assessment receivable | <u>3,094</u> | <u>2,169</u> | <u>5,263</u> |
| Total assets | <u>\$ 196,729</u> | <u>\$ 112,987</u> | <u>\$ 309,716</u> |
| | | | |
| <u>LIABILITIES AND FUND EQUITY</u> | | | |
| Interest payable | \$ 2,273 | \$ | \$ 2,273 |
| Deferred revenue - special assessment | <u>150,060</u> | <u>87,039</u> | <u>237,099</u> |
| Total liabilities | 152,333 | 87,039 | 239,372 |
| Fund balance – restricted | <u>44,396</u> | <u>25,948</u> | <u>70,344</u> |
| Total liabilities and fund equity | <u>\$ 196,729</u> | <u>\$ 112,987</u> | <u>\$ 309,716</u> |

See independent auditors' report.

**PALMYRA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES**

DEBT SERVICE FUNDS

For the Year Ended March 31, 2005

| | <u>Manor Farms</u> | <u>Maumee Street and Parr Highway</u> | <u>Totals (Memorandum Only)</u> |
|--|---------------------------|--|--|
| Revenues: | | | |
| Special assessment revenue | \$ 12,047 | \$ 6,483 | \$ 18,530 |
| Interest | <u>10,492</u> | <u>6,493</u> | <u>16,985</u> |
| Total revenues | <u>22,539</u> | <u>12,976</u> | <u>35,515</u> |
| Expenditures: | | | |
| Interest and principal | 29,780 | 10,734 | 40,514 |
| Bank charges | <u>12</u> | <u>12</u> | <u>24</u> |
| Total expenditures | <u>29,792</u> | <u>10,746</u> | <u>40,538</u> |
| Increase (deficiency) of revenues over (under) expenditures | (7,253) | 2,230 | (5,023) |
| Fund balances - beginning of year | <u>51,649</u> | <u>23,718</u> | <u>75,367</u> |
| Fund balances - end of year | <u>\$ 44,396</u> | <u>\$ 25,948</u> | <u>\$ 70,344</u> |

See independent auditors' report.